The Myanmar Investment Commission

Form (2) No ....
Dated ....

Union of Myanmar — Myanmar Investment Commission

PERMIT

Permit No. 300/97   *Date* 8th DECEMBER 1997

The Myanmar Investment Commission issues this Permit under Section 10 of the Union of Myanmar Foreign Investment Law -

(a) Name of Promoter DR. DAW KHIN MA MA

(b) Citizenship MYANMAR

(c) Address NO.7/9, THIRI STREET, PARAMI YEIKTHA, YANKIN TOWNSHIP, YANGON.

(d) Name and address of principal organization UMC INTERNATIONAL CO.,LTD. NO. 7/9, THIRI STREET, PARAMI YEIKTHA, YANKIN TOWNSHIP, YANGON.

(e) Place of incorporation YANGON

(f) Type of business in which investment is to be made MANUFACTURING AND SALES OF VARIOUS PENCILS AND MAKE-UP

(g) Place (s) at which investment is permitted NO.(103) SAW MILL COMPOUND MANDALAY AND INDUSTRIAL ESTATE IN PYINMABIN, YANGON

(h) Amount of foreign capital US $ 4.1355 MILLION

(i) Period for bringing in foreign capital WITHIN TWELVE MONTHS AFTER THE INCORPORATION OF COMPANY

(j) Total amount of capital (Kyat) 26.1 MILLION (KYAT TWENTY SIX MILLION AND ONE THOUSAND ONLY)

(k) Permitted duration of investment 20 YEARS

(l) Name of the economic organization to be formed in Myanmar MYANMAR TOKIWA CORPORATION

Maung Maung Than (signature)

Chairman

The Myanmar Investment Commission

မြန်မာနိုင်ငံရင်းနှီးမြှုပ်နှံမှုကော်မရှင်

ခွင့်ပြုမိန့်

ခွင့်ပြုမိန့်အမှတ် ၃၀၀/၉၇

၁၉၉၇ ခုနှစ်၊ ဒီဇင်ဘာ လ ၈ ရက်။

ပြည်ထောင်စုမြန်မာနိုင်ငံတော် နိုင်ငံခြားရင်းနှီးမြှုပ်နှံမှု ဥပဒေပုဒ်မ ၁၀ အရ ဤခွင့်ပြုမိန့်ကို မြန်မာနိုင်ငံရင်းနှီးမြှုပ်နှံမှု ကော်မရှင်က ထုတ်ပေးလိုက်သည် -

(က) ကမကထပြုသူ၏အမည် ဒေါက်တာဒေါ်ခင်မမ

(ခ) မည်သည့်နိုင်ငံသား မြန်မာ

(ဂ) နေရပ်လိပ်စာ အမှတ် ၇/၉၊ သီရိလမ်း၊ ပါရမီရိပ်သာ၊ ရန်ကင်းမြို့နယ်၊ ရန်ကုန်မြို့

(ဃ) ပင်မအဖွဲ့အစည်းအမည်နှင့်လိပ်စာ UMC INTERNATIONAL CO., LTD. အမှတ် ၇/၉၊ သီရိလမ်း၊ ပါရမီရိပ်သာ၊ ရန်ကင်းမြို့နယ်၊ ရန်ကုန်မြို့

(င) ဖွဲ့စည်းရာအရပ် ရန်ကုန်မြို့

(စ) ရင်းနှီးမြှုပ်နှံမှုပြုလုပ်မည့်လုပ်ငန်းအမျိုးအစား ခဲတန်အမျိုးမျိုးနှင့် မိတ်ကပ်ထုတ်လုပ်ရောင်းချခြင်းလုပ်ငန်း

(ဆ) ရင်းနှီးမြှုပ်နှံမှုပြုလုပ်ခွင့်ပြုသည့်အရပ်ဒေသ(များ) အမှတ် (၁၀၃) သစ်စက်ဝင်း၊ မန္တလေးနှင့်ပျဉ်းမပင်စက်မှုဇုန်၊ ရန်ကုန်မြို့

(ဇ) နိုင်ငံခြားမတည်ငွေရင်း အမေရိကန်ဒေါ်လာ ၄.၁၃၅၅ သန်း

(ဈ) နိုင်ငံခြားမတည်ငွေရင်းယူဆောင်လာရမည့်ကာလ ကုမ္ပဏီတည်ထောင်ပြီး (၁၂) လအတွင်း

(ည) စုစုပေါင်း မတည်ငွေရင်း ပမာဏ(ကျပ်) ၂၆.၁ သန်း (ကျပ်နှစ်ဆယ့်ခြောက်သန်း၊ တစ်သိန်းတိတိ)

(ဋ) ရင်းနှီးမြှုပ်နှံခွင့်ပြုသည့်သက်တမ်း ၂၀ နှစ်

(ဌ) မြန်မာနိုင်ငံတွင် ဖွဲ့စည်းမည့် စီးပွားရေးအဖွဲ့အစည်းအမည် MYANMAR TOKIWA CORPORATION

ဥက္ကဋ္ဌ
မြန်မာနိုင်ငံရင်းနှီးမြှုပ်နှံမှုကော်မရှင်

GOVERNMENT OF THE UNION OF MYANMAR

MYANMAR INVESTMENT COMMISSION

653 / 691, Merchant Street, Yangon.

Our ref : Ya Ka-1/434/97 (1527)
Dated : 8th December 1997

Tel : 272219, 272855
Fax : 095-01-282101

Subject : Decision of the Myanmar Investment Commission on the Proposal for "Manufacturing and Sales of Various Pencils and Make-up" under the name of "Myanmar Tokiwa Corporation".

Reference: (1) Ministry of Forestry Letter No. 2/230(Kha)(4)/(2141/97) dated 18-11-97.

(2) Union of Myanmar Economic Holdings Ltd. dated 18-11-97 Letter No. Oo Paing/Si Man-Htway/97 (Tokiwa) (466).

1. The Myanmar Investment Commission, at its meeting 19/97 held on 21-11-97 had reviewed the proposal for investment in "Manufacturing and Sales of Various Pencils and Make-up" under the name of "Myanmar Tokiwa Corporation" submitted as a Joint Venture among UMC International Co., Ltd., Myanmar Tokiwa Corporation and Kinsho Mataichi Corporation. After careful review, it was deliberated that the proposed project be approved in principle for implementation and the proposal be submitted to the Cabinet meeting for final approval.

2. The Cabinet, at its meeting 3/97 held on 4-12-97 resolved to permit the implementation of the said project. Hence, the "Permit" is herewith issued in accordance with Chapter VI, Section 10 of the Union of Myanmar Foreign Investment Law and Chapter VI, Rule 13 of the Procedures relating to the said Law. Terms and conditions to the "Permit" are stated in the following paragraphs.

3. The permitted duration of the project shall be 20(Twenty) years commencing from the date of official opening date of the factory and extendible for another 5(Five) years term upon mutual agreement with Myanma Timber Enterprise and The Union of Myanmar Economic Holdings Ltd.

4. Myanmar Tokiwa Corporation shall provide a Performance Bank Guarantee to the amount of US $ 44,000 (United States Dollars Forty Four Thousand Only) in favour of the Myanma Timber Enterprise within 30(Thirty) days after the signing of the Contract. Myanmar Tokiwa Corporation shall also provide a Performance Bank Guarantee to the amount of US $ 44,000 (United States

Dollars Forty Four Thousand Only) in favour of the Union of Myanmar Economic Holdings Ltd. within 60(Sixty) days after the signing of the Contract.

5. The annual rent for the two sites shall be US $ 3 (United States Dollars Three Only) per square metre per annum. The rent shall be reviewed every 5(Five) years and the increased of the rent shall not be more than 15(Fifteen) percent of the previous annual rent.

6. Myanmar Tokiwa Corporation shall pay a profit share of 5(Five) percent of its annual net profit (after tax) to Myanma Timber Enterprise throughout project period.

7. Myanmar Tokiwa Corporation shall also pay the Forest Department through Myanma Timber Enterprise, a forest rehabilitation fee of US $ 5.00 (United State Dollars Five Only) per ton of hardwood round logs and US $ 8.00(United State Dollars Eight Only) per ton of teak round logs used as raw material or other amount as fixed by the Forest Department.

8. Myanmar Tokiwa Corporation shall pay Administration fee for services rendered to Union of Myanmar Economic Holdings Ltd. of US $ 0.025 (United States Dollars Point Zero Two Five Only) per Gross of Pencil for all products produced by both of Myanmar origin wood and imported slat as well for domestic sales and export throughout the project period except the first year.

9. Myanmar Tokiwa Corporation shall pay 5(Five) percent Commission to Union of Myanmar Economic Holdings Ltd. out of the invoice value or local sales arranged by Union of Myanmar Economic Holdings Ltd.

10. Myanmar Tokiwa Corporation shall pay royally to Tokiwa as follows:-

(a) 2 years : 2(Two) percent per annum of the turnover
(1st and 2nd year after commencement of production)

(b) 5 years : 1(One) percent per annum of the turnover
(from 3rd year to 7th year)

11. In issuing this "Permit" the Commission has granted the following exemptions and reliefs:

(a) As per Section-21(a), exemption from income-tax up to three consecutive years from the year of commencement of commercial operation.

(b) As per Section-21(b), regarding exemption from income-tax on profits of the business if they are maintained in a reserve fund and re-invested therein within one year after the reserve is made, Myanmar Tokiwa Corporation shall apply for such exemption only after 3-year tax holiday period.

(c) As per Section-21(c), Myanmar Tokiwa Corporation shall be granted to accelerate depreciation in respect of machinery, equipment, building or other capital assets used in the business to the extent of the original value for the purpose of income-tax assessment. However, Myanmar Tokiwa Corporation shall have to apply to the Commission such rates of depreciation.

(d) As per Section-21(d), relief from income-tax up to 50 percent on profits accrued from exports, such relief has to be applied, upon actual performance, following 3-year tax holiday period.

(e) As per Section-21(e), Myanmar Tokiwa Corporation shall have the right to pay income-tax payable to the State on behalf of foreigners who have come from abroad and are employed in the enterprise and the right to deduct such payment from the assessable income.

(f) As per Section-21(f), the Commission has also approved the right to pay income-tax on the income of the above-mentioned foreigners at the rates applicable to the citizens residing within the country.

(g) As per Section-21(g), regarding the right to deduct from the assessable income such expenses incurred in respect of research and development relating to the enterprise which are actually required and are carried out within the State, Myanmar Tokiwa Corporation shall apply, upon actual performance of such research and development programme, only after 3-year tax holiday period.

(h) As per Section-21(h), regarding right to carry forward and set-off up to three consecutive years from the year the loss is sustained following the enjoyment of exemption from income-tax, Myanmar Tokiwa Corporation shall file the case, if any, to the Ministry of Finance and Revenue in accordance with Section-4 of the Income Tax Amendment Law, 1991.

(i) As per Section-21(i), exemption from customs duty and all other internal taxes on machinery, equipment, instruments, machinery components, spare parts and materials used in the business, which are imported as they are actually required for use during the period of construction.

(j) As per Section-21(j), exemption from customs duty and all other internal taxes on such raw materials and additional import of machinery, equipment and spare parts which are actually required for operation of the business shall be granted within three years of commercial operation following the period of construction. However, such imports shall be subject to the approval endorsed by the Ministry of Forestry.

12. UMC International Co., Ltd. shall have to sign Joint Venture Agreement with Tokiwa Corporation and Kinsho Mataichi Corporation. Myanmar Tokiwa Corporation shall have to sign Contract and Lease Agreement with the Myanma Timber Enterprise and shall also have to sign Contract and Lease Agreement with the Union of Myanmar Economic Holdings Ltd. After signing such Agreements, (5) copies each of those shall have to be forwarded to the Commission.

13. Myanmar Tokiwa Corporation, in consultation with the Department of Company Administration, Directorate of Investment and Company Administration shall have to be registered. After registration, (5) copies each of Certificate of Incorporation and Memorandum and Articles of Association shall have to be forwarded to the Commission.

14. Myanmar Tokiwa Corporation shall use its best efforts for timely realization of works stated in the Proposal. If none of such works has been commenced within one year from the date of issue of this "Permit", it shall become null and void.

15. The official date of operation shall be reported to the Commission.

16. The Commission approves periodical appointments of foreign experts and technicians from abroad as per Proposal. Myanmar Tokiwa Corporation shall have to consult with Directorate of Labour, Ministry of Labour for appointment of such foreign experts and technicians.

17. In order to evaluate foreign capital in terms of Kyats and for the purpose of its registration in accordance with the provision under Section-24 of the Union of Myanmar Foreign Investment Law, it is compulsory to report as early as possible in the following manner.

(a) The amount of foreign currency brought into Myanmar, attached with the necessary documents issued by the respective bank where the account is opened.

(b) The detailed lists of the type and value of foreign capital defined under Section-2(h) of the said Law, other than foreign currency, to the Chairman, Foreign Capital Evaluation Sub-Committee.

18. Whenever Myanmar Tokiwa Corporation brings in foreign capital defined under Section 2(h) of the said Law, other than foreign currency in the manner stated in paragraph 17(b) mentioned above, the Inspection Certificate endorsed and issued by an internationally recognized Inspection Firm with regard to quantity, quality and price of imported materials shall have to be attached.

19. After all types of foreign capital (foreign currency and other types of foreign capital) have been brought into Myanmar, a report shall have to be submitted to the Commission as prescribed, vide letter No. Na-Ya 9/101/92(416) dated 3-12-92 [Annexure(1)]

20. Myanmar Tokiwa Corporation shall report to the Commission for any alteration in the physical and financial plan of the project. Cost over-run, over and above the investment amount pledged in both local and foreign currency shall have to be reported as early as possible.

21. Myanmar Tokiwa Corporation shall be responsible for the preservation of the environment at and around the area of the project site. Hence, it shall observe the directive issued by the Commission vide letter No. Ya Ka-1/139/94 (0440) dated 30-6-94 [Annexure(2)] to undertake all proper treatment systems and other necessary environmental control systems.

22. Myanmar Tokiwa Corporation shall follow the procedures prescribed by the Commission, vide letter No. Ya Ka-7/408/94 (0424) dated 29-6-94 [Annexure(3)] to expedite the clearance of imports of capital and inter-industry use goods brought in as capital investment and raw materials required during the initial 3-year operation period.

23. Payment of principal and interest of the loan (if any) shall only be made out of the official foreign exchange earnings of Myanmar Tokiwa Corporation.

24. Myanmar Tokiwa Corporation, in consultation with Myanma Insurance, shall effect such types of insurance defined under Chapter VIII, Rule 15 of the Procedures relating to the Union of Myanmar Foreign Investment Law.

By Order,

Brig-Gen Maung Maung
Secretary

Dr. Daw Khin Ma Ma
UMC International Co., Ltd.
c/o Managing Director
Myanma Timber Enterprise

cc:
1. Office of the Chairman of State Peace and Development Council
2. Office of the State Peace and Development Council
3. Office of the Government of the Union of Myanmar
4. Ministry of National Planning and Economic Development
5. Ministry of Finance and Revenue
6. Ministry of Commerce
7. Ministry of Forestry
8. Ministry of Foreign Affairs
9. Ministry of Home Affairs

10. Ministry of Immigration and Population
11. Ministry of Labour
12. Chairman, Union of Myanmar Economic Holdings Ltd.
13. Chairman, Committee for Assisting the Myanmar Investment Commission (Governor, Central Bank of Myanmar)
14. Chairman, Foreign Capital Evaluation Sub-Committee (Director General, Central Equipment Statistics and Inspection Department)
15. Director General, Directorate of Investment and Company Administration
16. Director General, Customs Department
17. Director General, Internal Revenue Department
18. Managing Director, Myanma Foreign Trade Bank
19. Managing Director, Myanma Investment and Commercial Bank
20. Managing Director, Myanma Insurance
21. Director General, Directorate of Trade
22. Director General, Immigration and Manpower Department
23. Director General, Directorate of Labour
24. Chairman, Union of Myanmar Chamber of Commerce and Industry